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Tax reform must redress imbalance against lower income Australians: unions

Unions will strongly resist any agenda at tomorrow's Tax Forum to reduce company taxes or increase the heavy tax burden already unfairly carried by Australia's low and middle income earners.

ACTU Secretary Jeff Lawrence said there was a danger that the corporate lobby will hijack the forum to pursue an agenda of lower business taxes which would create further inequity in the tax system.

"A major purpose of the Tax Forum must be how to make the tax system better for working people, and those who want to work," Mr Lawrence said.

"Reform should not imply an unending series of cuts to business tax and tax rates for high-income Australians. It should strengthen, not weaken, governments' ability to provide high-quality public services and social security that Australians want, need and deserve."

In a series of discussion papers published in the lead up to the forum, the ACTU has argued:

- Australia must not engage in a "race to the bottom" on business tax. Governments have plenty of discretion to design and implement a company tax regime that allows and encourages business to invest and grow while making a fair contribution to the broader Australian welfare;
- We must create a more equitable system of personal income tax and any future reforms should build on the carbon price package to gradually raise the tax free threshold to \$25,000. Tax reform should continue to promote workforce participation without undermining the progressivity of the system;
- The Government should introduce a higher rate of tax on the very wealthy similar to the 'Buffett rule' as part of a crackdown on tax loopholes and rorting to ensure that very high income earners should pay at least the same average rates of tax as middle-income households. A variety of methods of tax evasion, avoidance, use of tax breaks and tax minimisation is costing Government revenue at least \$50 billion a year.

Mr Lawrence said research commissioned by the ACTU showed most Australians support a more progressive income tax system as a tool towards a reducing wealth inequality.

"Real tax reform is reform that is directed towards satisfying Australians' needs and preferences, and that positions Australia well for the future," Mr Lawrence said. "Real reform ensures that the tax system treats people of similar means equally, without allowing some to exploit loopholes to avoid their obligations. It means a progressive tax system, to ensure that all Australians pay their fair share.

"Real reform will also ensure that the tax system is as simple and efficient as it can be, without sacrificing other aims in the name of simplicity or efficiency. We must not allow the tax debate to be hijacked by a business agenda, but to reflect the type of society the majority of Australians aspire to be."

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